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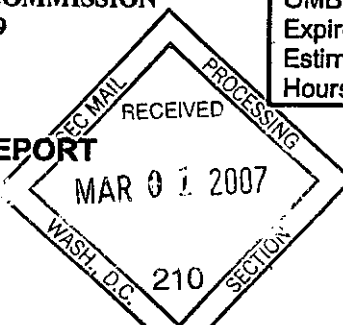
## OMB APPROVAL

OMB Number: 3235-0123  
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Hours per response . . . 12.00

## ANNUAL AUDITED REPORT

FORM X-17A-5

PART III



## SEC FILE NUMBER

8 - 53453

## FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING JANUARY 1, 2006 AND ENDING DECEMBER 31, 2006  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER DEALER:

THE COURTNEY GROUP, LLC

OFFICIAL USE ONLY

FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

500 NEWPORT CENTER DRIVE, SUITE 580

(No. And Street)

NEWPORT BEACH,

(City)

CA

(State)

92660

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

STUART D. APPLESON

(609) 933-3012

(Area Code - Telephone No.)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report \*

FULVIO &amp; ASSOCIATES, LLP

ATTN: JOHN FULVIO, CPA

(Name - if individual state last, first, middle name)

60 EAST 42<sup>ND</sup> STREET

(Address)

NEW YORK

(City)

NY

(State)

10165

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

APR 03 2007  
THOMSON  
FINANCIAL

FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as basis for the exemption. See section 240.17a-5(e)(2).

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### OATH OR AFFIRMATION

I, THOMAS COURTNEY, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of THE COURTNEY GROUP, LLC, as of DECEMBER 31, 2006, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Thomas W. Courtney  
Signature  
President  
Title

Susan E. VanVelson

Notary Public

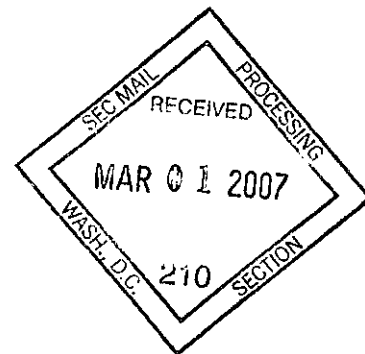
SUSAN E. VANVELSON  
Notary Public, State of New York  
No. 01VA6045572  
Qualified in Ulster County  
Commission Expires July 31, 2010

This report \*\* contains (check all applicable boxes)

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Cash Flows.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors
- ☒ (g) Computation of Net Capital
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3
- ☒ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation or Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation
- ☒ (l) An oath or affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed sin the date of previous audit.
- ☒ (o) Supplemental independent Auditors Report on Internal Accounting Control.

**\*\*For conditions of confidential treatment of certain portions of this filing see section 240.17a-5(e)(3).**

THE COURTNEY GROUP, LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2006



# FULVIO & ASSOCIATES, L.L.P.

*Certified Public Accountants*

JOHN FULVIO, CPA  
SUSAN E. VAN VELSON, CPA  
CHRISTIAN TIRIOLO, CPA  
KENNETH S. WERNER, CPA

60 East 42nd Street  
New York, New York 10165  
TEL: 212-490-3113  
FAX: 212-986-3679  
www.fulviollp.com

## INDEPENDENT AUDITORS' REPORT

To the Member of  
The Courtney Group, LLC:

We have audited the accompanying statement of financial condition of The Courtney Group, LLC (the "Company") as of December 31, 2006. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of The Courtney Group, LLC as of December 31, 2006 in conformity with accounting principles generally accepted in the United States of America.

*Fulvio & Associates, LLP*

New York, New York  
February 14, 2007

THE COURTNEY GROUP, LLC  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2006

ASSETS

Cash	\$ 483,372
Prepaid Expenses	<u>360</u>
TOTAL ASSETS	<u>\$ 483,732</u>

LIABILITIES AND MEMBER'S EQUITY

Liabilities:

Accrued Expenses	<u>\$ 5,000</u>
Total Liabilities	5,000

Member's Equity:

Member's Equity	<u>478,732</u>
Total Member's Equity	<u>483,732</u>

TOTAL LIABILITIES AND MEMBER'S EQUITY	<u>\$ 483,732</u>
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The accompanying notes are an integral part of this financial statement.

THE COURTNEY GROUP, LLC  
NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Courtney Group, LLC (the "Company") was organized, as a limited liability company and commenced operations in 2002. The limited liability agreement provides for the Company to terminate on May 11, 2091, unless dissolved sooner as provided for in the limited liability company agreement.

Principal Business Activity

The Company is a registered broker-dealer with the Securities and Exchange Commission ("SEC") and the National Association of Securities Dealers, Inc. ("NASD") and is a member of the Securities Investor Protection Corporation ("SIPC"). The Company is engaged in investment banking activities both as an advisor and placement agent in the placement of debt and equity securities to qualified investors and as an advisor to entities engaged in mergers, acquisitions, divestitures and joint ventures.

Financial Statement Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

The Company receives fees for acting as a placement agent. Fees for successful placement are recognized when the transaction closes.

Income Taxes

No provision is required for federal or state taxes on the income of the Company. Under the Internal Revenue Code and similar state regulations the Company is treated as a partnership; accordingly, the income to the company is taxed to the members.

THE COURTNEY GROUP, LLC  
NOTES TO FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(continued)

NOTE 2. NET CAPITAL REQUIREMENTS

The company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1.

At December 31, 2006 the Company had net capital of \$478,247, which was \$473,247 in excess of its required net capital of \$5,000. The Company's ratio of aggregate indebtedness to net capital was .01 to 1.

NOTE 3. RELATED PARTY TRANSACTION

The Company shared office space with a company related through common ownership that, for 2006, has elected to waive the rent and certain other overhead expenses that would otherwise be charged to the Company for use of office space. The affiliate has adequate resources independent of the Company to pay these expenses, and the Company has no additional obligation, either direct or indirect, to compensate a third party for these expenses.

*END*